

Message Text

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70

ACTION XMB-07

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 SPC-03 CIEP-02

LAB-06 SIL-01 OMB-01 ACDA-19 IO-14 L-03 NSC-10 SCI-06

SCEM-02 DRC-01 /143 W
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R 120320Z DEC 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 1535

INFO USDOC WASHDC

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E.O. 11652: N/A

TAGS: EPRO, EFIN, ENRG, BEXP, KS

SUBJECT: EXIMBANK FINANCING FOR SECOND NUCLEAR PLANT

1. REPRESENTATIVES OF WESTINGHOUSE INTERESTED IN BIDDING ON SECOND NUCLEAR PLANT HAVE EXPRESSED CONCERN OVER EXIMBANK'S PREPAREDNESS TO FINANCE THIS PROJECT. APPARENTLY THEY CONSULTED WITH EXIMBANK OFFICIALS RECENTLY AND WERE LEFT WITH THE IMPRESSION THAT EXIM FINANCING FOR MAJOR PROJECTS MAY NOT BE PROMPTLY AVAILABLE BECAUSE OF A CONCERN WITHIN THE BANK OF POSSIBLE OVEREXPOSURE IN KOREA.

2. WE DO NOT BELIEVE THAT THE EXIMBANK IS OVEREXPOSED IN KOREA, GIVEN THE PHENOMINAL GROWTH OF THE KOREAN ECONOMY. KOREA'S CREDIT WORTHINESS IS GOOD AND CONTINUING TO IMPROVE. THE DEBT SERVICE RATIO FOR THIS YEAR WILL FALL TO 14 PERCENT COMPARED TO 18 PERCENT LAST YEAR AND PEAK 21 PERCENT IN 1970. IMF CONTINUES TO MONITOR THE ROKG DEBT POLICIES AND WILL SET OVERALL LIMITS FOR 1974 AS PART OF ITS STUDY MISSION AND STANDBY AGREEMENT FOR

EARLY NEXT YEAR. PRIVATE U.S. BANKS SHOW STEADILY INCREASING INTEREST IN EXTENDING CREDIT TO KOREA. THIS BURGEONING ECONOMY
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WILL CONTINUE TO PROVIDE OPPORTUNITIES FOR THE SALE OF U.S. GOODS

AND SERVICES TO ECONOMICALLY SOUND PROJECTS IN BOTH THE PRIVATE AND PUBLIC SECTORS.

3. WE ARE CONCERNED, HOWEVER, THAT ANY SUGGESTIONS OF CHANGE IN EXIM POLICY REDUCING EXIMBANK INTEREST IN KOREA BECAUSE OF POSSIBLE OVEREXPOSURE MAY TIP THE SCALE IN FAVOR OF OUR COMPETITORS, PARTICULARLY WITH REGARD TO THE NUCLEAR AND THERMAL GENERATING PROPOSALS NOW ACTIVELY BEING CONSIDERED BY THE ROKG. SUCH RUMORS ALSO WOULD EFFECTIVELY SCOTCH OUR EFFORTS TO HELP U.S. SUPPLIERS WIN THE BATTLE FOR THE THIRD AND FOURTH NUCLEAR PLANTS. WE WISH EMPHASIZE THAT SECOND NUCLEAR PLANT INVOLVING APPROXIMATELY \$150 MILLION IN GOODS AND SERVICES AND INCHON THREE INVOLVING \$50 MILLION REPRESENT MAJOR SALES WHICH U.S. SUPPLIERS WITH OUR SUPPORT HAVE CLINCHED IN THE FACE OF STRONG FOREIGN COMPETITION. HOWEVER, THESE SALES STILL CAN BE LOST IF THE KOREANS GET THE IDEA THAT THE DEALS CANNOT BE CONCLUDED BECAUSE OF THE ABSENCE OF EXIMBANK FINANCING.

UNDERHILL

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Message Attributes

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Decaption Note:
Disposition Action: RELEASED
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Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
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Disposition Remarks:
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